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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 002721

SIPDIS

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TAGS: <u>PREL PGOV ECON ENRG RS UP</u>

SUBJECT: UKRAINIAN FM URGES MOSCOW TO TALK TO YUSHCHENKO

Classified By: Political Minister Counselor Susan Elliott for reasons 1 .4 (b), (d)

11. (C) Summary. The MFA told us that visiting Ukrainian Foreign Minister Poroshenko urged Russia to resume contact with Ukraine at the presidential level, although both sides agreed there was no need for a "reset" in relations. Economic cooperation dominated the brief meeting, while pundits discount PM Putin's warnings about a possible disruption of gas deliveries to Europe before the January elections in Ukraine. Black Sea Fleet issues and use of the Ukrainian language in Russian schools questions were also discussed. Although the visit produced no tangible results, its value lies in maintaining intergovernmental contact despite the change in foreign ministers in Kyiv. End Summary

Reset?

12. (C) On October 27, MFA Ukraine Office Director Vyacheslav Yelagin told poloff that Ukrainian FM Poroshenko in his October 23 meeting with FM Lavrov urged Russia to resume contact at the highest (presidential) level. Still, Yelagin agreed with Poroshenko's public rejection of describing the goal of his visit to Moscow to "reset" relations. Medvedev had not yet reacted to Poroshenko's request, nor had he made the final decision to send Ambassador-designate Zurabov to Kyiv. Yelagin noted that Poroshenko had asked for the meeting to discuss bilateral issues, despite the fact that Ukrainian Acting Foreign Minister Khandogiy had just met with Lavrov October 6. Yelagin described the meeting between the Foreign Ministers as short, having lasted 2.5 hours, including a joint lunch.

Economics

- 13. (C) Yelagin said economic cooperation dominated the talks. While the decreased trade volume was the main concern, both sides agreed that natural gas sale questions could be resolved via negotiations. Poroshenko and Lavrov agreed not to politicize the issues, a position Yelagin insisted Russia had always taken.
- ¶4. (SBU) In the meantime, Prime Minister Putin has stepped up the rhetoric on Ukrainian gas purchases, warning in public and in November 1 talks with the EU Presidency that Ukraine might not make its next monthly gas delivery payment, risking the disruption of Russian gas deliveries to Europe. Pundits doubt Putin will make good on his threat because of the upcoming November 18 EU-Russia summit, and the January 17 elections in Ukraine, arguing that a gas cut-off could harm EU-Russia relations, encourage Europe to pursue alternatives

to Russian energy, and favor President Yushchenko in the elections.

- ¶5. (C) Yelagin said that another topic of discussion was Ukrainian obstruction of Russian business activity, giving difficulties in Russian participation in an oil refinery in Odessa and attempts to "confiscate" a Russian-owned sanatorium in Crimea as examples. He said experts had been discussing both issues for several years.
- 16. (C) The ministers also prepared for the planned November 19 meeting of the Russia-Ukraine Intergovernmental Commission on Economic Cooperation in Yalta, Yelagin said.

Ukrainian language in Russia

17. (C) Yelagin said Lavrov told Poroshenko that Russia was willing to do whatever was necessary to facilitate the use of Ukrainian in Russian schools. Russia made two conditions for that: the Ukrainian-speaking population in Russia had to ask for such schooling, and needed to provide a sufficient number of students and teachers to make it worthwhile.

Black Sea Fleet

18. (C) Yelagin said both sides saw the need to discuss Black Sea Fleet (BSF) questions without politicizing them, and

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agreed not to leak information on the issue to the mass media. Russian DFM Karasin would chair the January 2010 meeting of the BSF sub-commission, which had last met in early 2009.

Other issues

19. (C) While Lavrov in public remarks after the meeting mentioned the Azov Sea border demarcation, Transnistria, European and regional security, and joint history as other topics of discussion, Yelagin said that those issues were only briefly touched upon, with no new substance discussed.

Comment

110. (C) Although it seems unlikely that Moscow will agree to any change in its approach to Kyiv before the January elections in Ukraine, Russia and Ukraine cannot afford to put their cooperation on hold until the elections are over. From that point of view, Poroshenko's visit was useful, even if it did not produce any tangible results.

Beyrle